



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
DAVISS COUNTY SHERIFF**

**Calendar Year 1999**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
[WWW.STATE.KY.US/AGENCIES/APA](http://WWW.STATE.KY.US/AGENCIES/APA)**

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## **EXECUTIVE SUMMARY**

### **DAVIESS COUNTY KEITH CAIN, SHERIFF CALENDAR YEAR 1999 FEE AUDIT**

#### **Description of Office:**

The office of the Sheriff is mandated and regulated by state laws and regulations. The Sheriff has been charged with the responsibility of collecting taxes and providing police services to the county.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

#### **Audit Results:**

The Auditor of Public Accounts has issued an unqualified opinion on the Sheriff's financial statements for the period January 1, 1999 through December 31, 1999. An unqualified opinion is an opinion issued when the auditor, based on the audit work performed, believes the financial statements of the auditee are presented fairly in all material respects.

#### **Financial Condition of the Entity:**

The Sheriff's operating fund with the State Treasurer had a fund balance of \$189,698 as of December 31, 1999. The Sheriff remitted \$264,624 to his county fund with the State Treasurer, which was subsequently paid to the Fiscal Court.

#### **Information in Financial Notes:**

The Sheriff's office participates in the Kentucky Law Enforcement Foundation Program, which provides funding to law enforcement agencies in the form of police incentive pay. The funds are available through the Department of Criminal Justice Training to any eligible officer who meets the training requirements for the year. During calendar year 1999, the Sheriff's office received and expended \$87,632 of these grant funds.



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## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Reid Haire, County Judge/Executive

Honorable Keith Cain, Daviess County Sheriff

Members of the Daviess County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying statement of receipts and disbursements of the Sheriff of Daviess County Kentucky, and the statement of receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 1999. These financial statements are the responsibility of the Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff is required to prepare the financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the Sheriff and the receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable Reid Haire, Daviess County Judge/Executive  
Honorable Keith Cain, Daviess County Sheriff  
Members of the Daviess County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated August 3, 2000, on our consideration of the Sheriff's compliance with laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 3, 2000



DAVIESS COUNTY  
KEITH CAIN, SHERIFF  
STATEMENT OF RECEIPTS AND DISBURSEMENTS

Calendar Year 1999

Receipts

|                         |           |
|-------------------------|-----------|
| Federal Grants          | \$ 42,346 |
| State Grants            | 87,632    |
| State Fees for Services | 72,830    |
| Circuit Court Clerk     | 66,675    |
| Fiscal Court            | 962,816   |
| County Clerk            | 10,177    |
| Commission on Taxes     | 753,816   |

Fees Collected for Services:

|  |               |         |
|--|---------------|---------|
| Auto Inspections                         | \$ 37,080     |         |
| Accident and Police Reports              | 5,978         |         |
| Serving Papers                           | 77,492        |         |
| Process Returned Checks                  | 3,842         |         |
| Carrying Concealed Deadly Weapon Permits | 4,045         |         |
| Sheriff's Tax Collection Fees            | <u>11,317</u> | 139,754 |

Other Receipts:

|                            |              |                |
|----------------------------|--------------|----------------|
| Prisoner Transport         | \$ 7,899     |                |
| Reimbursed Expenses        | 10,140       |                |
| Sheriff's Tax Penalty Fees | 71,713       |                |
| Sheriff's Advertising Fees | 105          |                |
| Interest Earned            | 59,577       |                |
| Miscellaneous              | <u>5,768</u> | <u>155,202</u> |

|              |              |
|--------------|--------------|
| Net Receipts | \$ 2,291,248 |
|--------------|--------------|

Payments to State Treasurer:

|                    |                |                  |
|--------------------|----------------|------------------|
| 75% Operating Fund | \$ 2,026,624   |                  |
| 25% County Fund    | <u>264,624</u> | <u>2,291,248</u> |

|                                    |                    |
|------------------------------------|--------------------|
| Balance Due at Completion of Audit | <u><u>\$ 0</u></u> |
|------------------------------------|--------------------|

The accompanying notes are an integral part of the financial statements.

DAVIESS COUNTY  
KEITH CAIN, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE  
SHERIFF'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER

Calendar Year 1999

|  | 75%<br>Operating<br>Fund | 25%<br>County<br>Fund | Totals              |
|--|--------------------------|-----------------------|---------------------|
| <u>Receipts</u>                            |                          |                       |                     |
| Fees Paid to State - Operating Funds (75%) | \$ 2,026,624             | \$                    | \$ 2,026,624        |
| Fees Paid to State - County Funds (25%)    |                          | 264,624               | 264,624             |
|  | <u>\$ 2,026,624</u>      | <u>\$ 264,624</u>     | <u>\$ 2,291,248</u> |
| <u>Disbursements</u>                       |                          |                       |                     |
| Personnel Services-                        |                          |                       |                     |
| Officials Statutory Maximum                | \$ 68,080                | \$                    | \$ 68,080           |
| Deputies Salaries                          | 1,107,002                |                       | 1,107,002           |
| Overtime                                   | 21,359                   |                       | 21,359              |
| Employee Benefits-                         |                          |                       |                     |
| Social Security                            | 84,906                   |                       | 84,906              |
| Retirement                                 | 188,485                  |                       | 188,485             |
| Unemployment Insurance                     | 1,642                    |                       | 1,642               |
| Health Insurance                           | 156,900                  |                       | 156,900             |
| Contracted Services-                       |                          |                       |                     |
| Advertising                                | 6,000                    |                       | 6,000               |
| Vehicle Maintenance and Repairs            | 39,773                   |                       | 39,773              |
| Materials and Supplies-                    |                          |                       |                     |
| Office Equipment - Community Oriented      |                          |                       |                     |
| Policing Services (COPS)                   | 1,702                    |                       | 1,702               |
| Office Supplies                            | 6,033                    |                       | 6,033               |
| Office Materials and Supplies - COPS       | 4,045                    |                       | 4,045               |
| Uniforms                                   | 17,076                   |                       | 17,076              |
| Other Charges-                             |                          |                       |                     |
| Miscellaneous - COPS                       | 2,800                    |                       | 2,800               |
| Training - COPS                            | 6,491                    |                       | 6,491               |
| Travel                                     | 1,844                    |                       | 1,844               |
| Telephone                                  | 4,719                    |                       | 4,719               |
| Cellular Telephone                         | 7,882                    |                       | 7,882               |
| Miscellaneous                              | 17,391                   |                       | 17,391              |

DAVIESS COUNTY  
 KEITH CAIN, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE  
 SHERIFF'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER  
 Calendar Year 1999  
 (Continued)

|   | 75%<br>Operating<br>Fund | 25%<br>County<br>Fund | Totals       |
|---|--------------------------|-----------------------|--------------|
| <u>Disbursements (Continued)</u>        |                          |                       |              |
| Auto Expenses on Vehicles-              |                          |                       |              |
| Gasoline                                | \$ 32,965                | \$                    | \$ 32,965    |
| Radio and Siren Maintenance             | 14,428                   |                       | 14,428       |
| Capital Outlay-                         |                          |                       |              |
| Office Equipment                        | 1,110                    |                       | 1,110        |
| Radio and Siren                         | 10,109                   |                       | 10,109       |
| Computers                               | 3,921                    |                       | 3,921        |
| Vehicles                                | 20,123                   |                       | 20,123       |
| Reimbursed Expenses                     | 10,140                   |                       | 10,140       |
| Payments to Daviess County Fiscal Court |                          | 264,624               | 264,624      |
| Total Disbursements                     | \$ 1,836,926             | \$ 264,624            | \$ 2,101,550 |
| Fund Balance - December 31, 1999        | \$ 189,698               | \$ 0                  | \$ 189,698   |

The accompanying notes are an integral part of the financial statements.

DAVIESS COUNTY  
KEITH CAIN, SHERIFF  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

B. Basis of Accounting

The financial statements have been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The Attorney General issued a letter which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are receipted in the 75 percent fund.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent. Hazardous covered employees are required to contribute 7.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 17.55 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Kentucky Law Enforcement Foundation Program Fund (KLEFPF)

The Daviess County Sheriff's office participates in the Kentucky Law Enforcement Foundation Program Fund (KLEFPF). Under the program, grant funding is available as incentive pay through the Commonwealth of Kentucky Department of Criminal Justice Training. Per KRS 15.460, an eligible officer is entitled to receive an annual maximum of \$2,750. During calendar year 1999, the Daviess County Sheriff's office received and expended \$87,632.

Note 5. Grant

In 1999, the Sheriff was awarded a grant under the Community Oriented Policing Services (COPS) program from the Department of Justice in the amount of \$225,000 to be expended over three years. During calendar year 1999, the Sheriff received and expended funds totaling \$19,274.

Note 6. Special Investigations/Drug Fund

The Sheriff had a Special Investigations/Drug Fund account which had a beginning balance of \$23,206, receipts and disbursements of \$65,814 and \$67,458 respectively, leaving a balance at December 31, 1999, of \$21,562.

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Reid Haire, County Judge/Executive  
Honorable Keith Cain, Daviess County Sheriff  
Members of the Daviess County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the Daviess County Sheriff as of December 31, 1999, and have issued our report thereon dated August 3, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Daviess County Sheriff's financial statements as of December 31, 1999, are free of material misstatement, we performed tests of compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Daviess County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable Reid Haire, County Judge/Executive  
Honorable Keith Cain, Daviess County Sheriff  
Members of the Daviess County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
August 3, 2000

